

TOWN OF CHEBEAGUE ISLAND
FINANCIAL REPORT



JUNE 30, 2009

TOWN OF CHEBEAGUE ISLAND, MAINE
JUNE 30, 2009

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL STATEMENTS

Statement of Net Assets	Statement 1
Statement of Activities	Statement 2
Balance Sheet - Governmental Funds	Statement 3
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	Statement 4
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	Statement 5
Statement of Revenues and Expenditures - Budget and Actual - General Fund - Budgetary Basis	Statement 6
Statement of Fiduciary Net Assets - Fiduciary Funds	Statement 7
Statement of Changes in Fiduciary Net Assets - Fiduciary Funds	Statement 8

Notes to Financial Statements

SUPPLEMENTAL DATA

Combining and Individual Fund Exhibits:

General Fund:

Balance Sheet	Exhibit 1-1
Statement of Revenues and Expenditures - Budget and Actual	Exhibit 1-2
Statement of Changes in Fund Balance	Exhibit 1-3

Other Governmental Funds:

Combining Balance Sheet	Exhibit 2-1
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	Exhibit 2-2

Other:

Combining Statement of General Fund Reserves	Schedule 1
Statement of Revenues and Expenditures - Budget and Actual - Chebeague Island School Department - Budgetary Basis	Schedule 2
Valuation, Assessment and Collection of Taxes	Schedule 3
Statement of Departmental Operations	Schedule 4



INDEPENDENT AUDITORS' REPORT

Board of Selectmen and Manager
Town of Chebeague Island
Chebeague Island, Maine

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Chebeague Island, Maine as of June 30, 2009, and for the year then ended, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Chebeague Island, Maine as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis, as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The combining and individual fund statements presented as Exhibits 1-1 through 2-2, and Schedules 1 through 4 are for purposes of additional analysis and are not a required part of the financial statements of the Town of Chebeague Island, Maine. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

A handwritten signature in cursive script that reads "Berry Talbot Royer".

Certified Public Accountants
February 17, 2010

Town of Chebeague Island

192 North Road
Chebeague Island, Maine 04017

Management's Discussion and Analysis Fiscal Year ended June 30th, 2009

As management of the Town of Chebeague Island, Maine, we present this narrative to provide you with an overview and analysis of our first financial statements for the year ended June 30th, 2009. This information in conjunction with the notes to the financial statements should be considered when reading the Town's financial statements.

2009 Financial Highlights

Total assets of the Town of Chebeague Island exceed its liabilities by \$813,134. The governmental activities statement shows an increase in net assets of \$436,288 for the fiscal year. With this being the first year of operations for the Town of Chebeague Island, this includes the inclusion of the Town's roads and infrastructure.

The ending fund balance for all governmental funds is \$813,134.

The ending fund balance for the general fund is \$994,134, an increase of \$248,515 over the previous year. Of this balance, \$317,765 is designated to on-going projects and \$240,176 is reserved for specific purposes as shown in Schedule 1 of these financial statements. This leaves an undesignated balance of \$436,193 which appears to provide an adequate surplus.

Overview of Financial Statements

The Town of Chebeague Island's basic financial statements are comprised of three components:

- 1) government-wide financial statements
- 2) fund financial statements, and
- 3) notes to the financial statements

Other supplemental information to the basic financial statements is also provided.

Government-wide Financial Statements

The government-wide financial statements provide a broad overview of the Town of Chebeague Island's finances. Financial information is presented in two statements - *Statement of Net Assets* and *Statement of Activities*.

The *Statement of Net Assets* presents information about the Town's assets and liabilities with the difference between the two reported as *net assets*. Over time, changes in net assets (increases or decreases) may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. Chebeague Island's fiscal 2009 Statement of Net Assets does reflect a value assigned to infrastructure which provides a more accurate indication of the town's financial position. The *Statement of Activities* presents information about how the Town's net assets have changed during the fiscal year. All changes in net assets are reported as soon as the underlying change or event occurs, regardless of the timing of the related cash flows. This means that revenues and expenses are reported in this statement even if the related cash movement does not occur until future fiscal periods (e.g. uncollected taxes and accounts payable.)

In the government-wide financial statements, the Town's basic services are reported as *Governmental Activities* as they are principally supported by taxes and intergovernmental revenues, rather than recovering all, or a significant portion of their costs through user fees and charges. Governmental activities include general administration, public safety (law enforcement, fire protection), public works (roads, solid waste disposal), debt service and capital planning expenses.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Chebeague Island, like other state and local governments, uses fund accounting to insure and demonstrate compliance with finance-related legal requirements.

Governmental funds are used to report most of the Town's basic operational services. Operating expenses and revenues are recorded and the cumulative leftover balance of these activities, which is available for spending in subsequent years, is reported here. These funds are reported using an accounting method called modified accrual, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information can help to determine what financial resources are available in the near future to finance the Town's activities.

Statement of Net Assets Information

The following information is a condensed version of the Statement of Net Assets.

Table 1
Statement of Net Assets
Year Ended June 30th, 2009

Current & Other Assets	\$ 2,312,604
Capital Assets, Net	<u>3,018,045</u>
Total Assets	<u>5,330,649</u>
Long-Term Debt Outstanding	4,375,254
Other Liabilities	<u>142,261</u>
Total Liabilities	<u>4,517,515</u>
Net Assets:	
Invested in Capital Assets, Net of Related Debt	77,036
Restricted for Other Purposes	240,176
Unrestricted	<u>495,922</u>
Total Net Assets	<u>\$ 813,134</u>

Table 2
Changes in Net Assets
Year ended June 30th, 2009

	<u>Governmental Activities</u>
Revenues	
Program Revenues:	
Charges for Services	\$ 85,820
Operating Grants & Contributions	189,635
General Revenues:	
Property Taxes	2,372,612
Excise Taxes	88,816
Intergovernmental	217,107
Investment Earnings	<u>12,551</u>
Total Revenues	<u>2,966,541</u>
 Expenses	
General Government	334,419
Public Safety	153,034
Public Works	212,337
Health, Sanitation and Welfare	143,152
Education	1,148,557
Cultural and Recreational	97,500
Fixed Charges	321,954
For Designated Purpose	<u>119,300</u>
Total Expenses	<u>2,530,253</u>
 Increase in Net Assets	 <u><u>\$ 436,288</u></u>

THE TOWN'S FUNDS

The following schedule presents a summary of General Fund revenues (see Statement 6) for the fiscal year ended June 30, 2009:

<u>Revenues:</u>	<u>Amount</u>
Property Taxes	\$ 2,355,591
Excise Taxes	88,816
Intergovernmental	233,675
Licenses, Permits & Fees	56,963
Interest Earnings	<u>14,464</u>
 Total Revenues	 <u>\$ 2,749,509</u>

Chart A graphically depicts revenues by source.

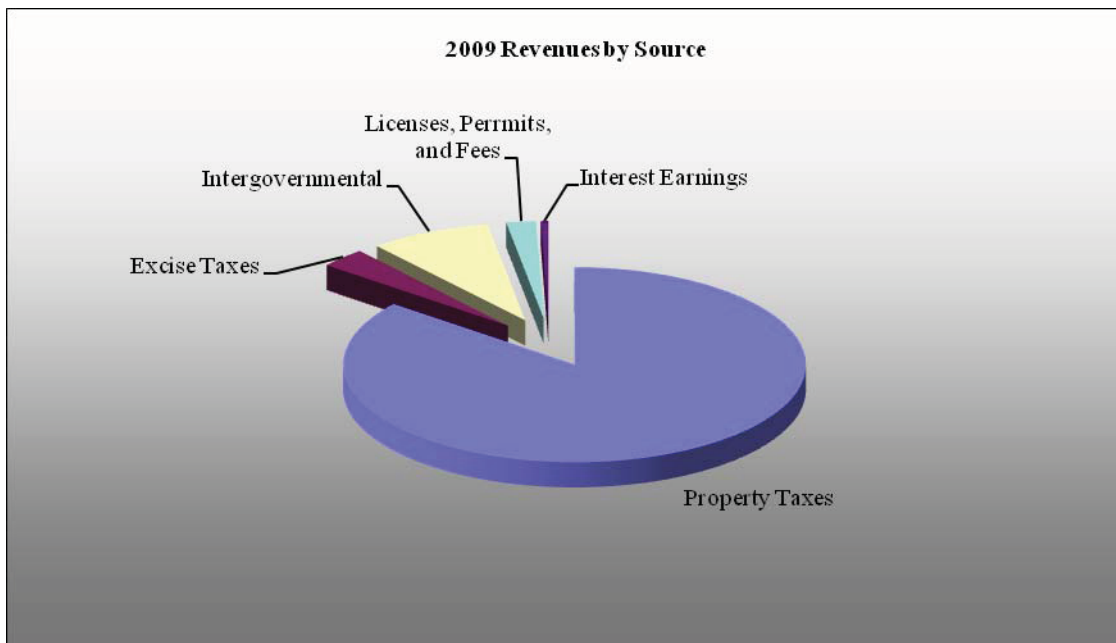


Chart A – 2009 Revenues by Source

The following schedule presents a summary of expenditures (see Statement 6) for the fiscal year ended June 30,:

	<u>FYE 2009</u>
<u>Expenditures:</u>	
General Government	\$ 327,370
Public Safety	161,587
Public Works	192,502
Education	814,568
Health, Sanitation and Welfare	143,035
Cultural and Recreational	97,500
Fixed Charges	746,854
Capital Investment	<u>123,000</u>
Total Expenditures:	<u>\$ 2,606,416</u>

Chart B graphically depicts expenditures by function.

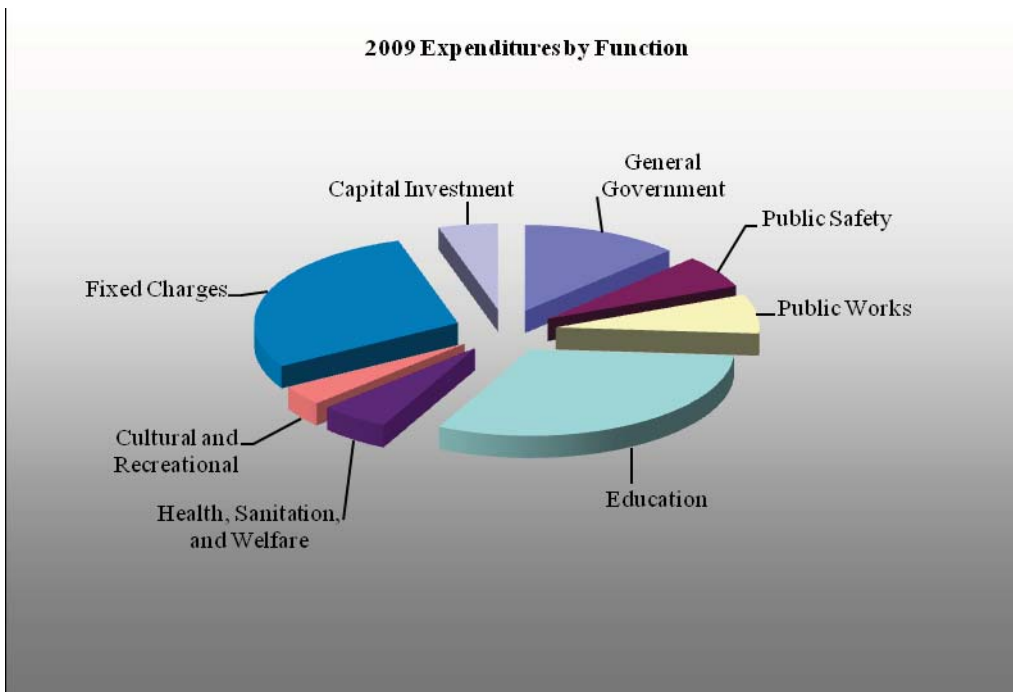


Chart B – 2009 Expenditures by Function

Governmental Activities

To aid in the understanding of the Statement of Activities, some additional explanation is provided. Please note that the format differs from that of the Statement of Revenues, Expenditures, and Changes in Fund Balance. Expenses for each activity are listed in the left-most column with revenues generated by that particular activity reported to the right. Subtracting one from the other results in a Net (Expense)/Revenue. This format provides information about the relative financial burden on the Town's taxpayers of each activity. It should be noted, however, that while these revenues may be generated by specific activities, the Town does not have dedicated revenue sources. Accordingly, revenues from specific activities are deposited to the Town's general fund, as are all tax payments received. From this fund, the Town makes all its expenditures.

Examples of activities which produce some level of revenue are:

General Government	Clerk/Permit Fees, Mooring Fees
Sanitation	Transfer Station Fees

All other governmental revenues are reported as general revenues. It is important to note that all taxes are classified as general revenue, even if restricted for a specific purpose.

Table 3 shows the total cost of each of the Town's major functional activities.

Table 3

Net Cost of Governmental Activities

Fiscal Year ended June 30th, 2009

Function/Program	Total Cost of Services	Net Cost of Services
General Government	\$ 334,419	\$ (330,604)
Public Safety and Services	153,034	(113,019)
Public Works	212,337	(195,769)
Health, Sanitation and Welfare	143,152	(128,104)
Cultural & Recreational	97,500	(97,500)
Education	1,148,557	(1,098,490)
Fixed Charges	321,954	(321,954)
For Designated Purpose	119,300	30,642
Total governmental activities	<u>\$ 2,530,253</u>	<u>\$ (2,254,798)</u>

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As of June 30th, 2009, the Town's governmental funds' fund balance totaled \$998,714.

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The financial performance of the Town as a whole is reflected in its governmental funds.

Governmental funds: The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances available for spending. Governmental funds report the differences between their assets and liabilities as fund balances. Reserved amounts reflect that which is not available to be spent while undesignated amounts reflect amounts that are.

In what was the 2nd year of operations as an independent community, The Town of Chebeague Island achieved a much higher level of understanding of its debt, budgeting process, and revenues.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2009, the Town had net investment in capital assets of \$3,018,045, and outstanding debt of \$4,375,254. All of the outstanding debt was borrowed to finance the payments to the Town of Cumberland and Maine Administrative District No. 51(MSAD #51) for the purchase of various assets located in the Town of Chebeague Island and for tuition payments for students to attend MSAD #51 schools for seven years.

Table 4
Governmental Activities
Capital Assets
(Net of Depreciation)

	<u>Capital Assets</u>	<u>Accumulated Depreciation</u>	<u>Capital Assets, net of Depreciation</u>
Land	\$ 196,881	\$ 0	\$ 196,881
Land Improvements	52,668	10,534	42,134
Buildings & Improvements	1,725,456	74,303	1,651,153
Machinery & Equipment	466,643	61,741	404,902
Infrastructure	<u>758,678</u>	<u>35,703</u>	<u>722,975</u>
TOTAL	<u>\$ 3,200,326</u>	<u>\$ 182,281</u>	<u>\$ 3,018,045</u>

More detailed information about the Town's long-term liabilities is included in the notes to the financial statements.

The chart below provides a graphic depiction of the distribution of the 2009 net book value of fixed assets (capital assets, net of depreciation) by asset class.

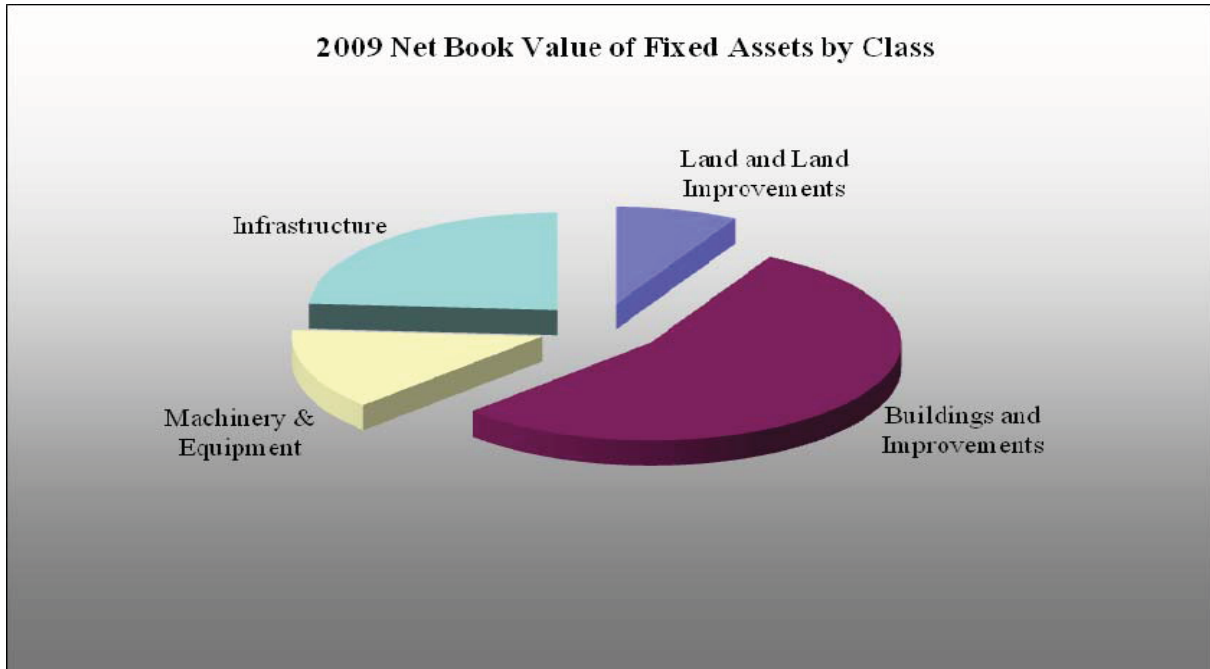


Chart C – Net Book Value of Fixed Asset Classes

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

The 2009-2010 Fiscal Year budget reflected a 1% increase over the prior fiscal year’s budget, however, the impact to the mil rate was a decrease of .4% due to an increase in the use of the undesignated fund balance surplus.

The 2008-2009 Fiscal Year, being the 2nd year of operation for the Town of Chebeague Island, was both realistic yet the results of experimenting. The Community continued to make it known that flexibility was a key with the budget, and the elected officials kept that in mind throughout the year. It was determined that there was no need for a loan in anticipation of the collection of real estate taxes. Based on the level of undesignated fund balance at the end of the fiscal year, it is not envisioned that a Tax Anticipation Loan will be required in the 2009-2010 fiscal year at all. The Board of Selectmen has established a policy that should ensure a solid level of undesignated fund balance at the beginning of each new fiscal year. Increased awareness and familiarity with the Trio Accounting System has insured that the budgeting process is more refined and better defined. This will allow management to better track and account for the spending of your tax dollar.

CONTACTING THE TOWN’S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town’s finances and to show the Town’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Administrator’s Office at 192 North Road, Chebeague Island, Maine 04097, by phone at (207) 846-3148, or by e-mail at townofchebeagueisland@chebeague.net.

TOWN OF CHEBEAGUE ISLAND, MAINE
JUNE 30, 2009

BASIC FINANCIAL INFORMATION

TOWN OF CHEBEAGUE ISLAND, MAINE
STATEMENT OF NET ASSETS
JUNE 30, 2009

	<u>Governmental Activities</u>
ASSETS:	
Cash/Investments	\$ 992,482
Receivables:	
Taxes	49,318
Liens	6,487
Accounts	23,104
Prepaid Expense	1,241,213
Capital Assets:	
Land	196,881
Other Capital Assets, Net of Depreciation	2,821,164
Total Capital Assets	<u>3,018,045</u>
TOTAL ASSETS	<u>5,330,649</u>
LIABILITIES:	
Accounts Payable	18,379
Accrued Expenses	17,721
Accrued Compensated Absences	9,632
Accrued Interest Payable	58,617
Deferred Revenues	37,912
Long-Term Liabilities:	
Due Within One Year	506,704
Due in More Than One Year	3,868,550
Total Liabilities	<u>4,517,515</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	212,849
Restricted for Other Purposes	240,176
Unrestricted	360,109
TOTAL NET ASSETS	<u>\$ 813,134</u>

The Accompanying Notes are an Integral Part of these Financial Statements.

TOWN OF CHEBEAGUE ISLAND, MAINE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

		Program Revenues		Net (Expense) Revenue and Changes In Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
FUNCTIONS/PROGRAMS				
Primary Government				
Governmental Activities				
General Government	\$ 334,419	\$ 3,815	\$ 0	\$ (330,604)
Public Safety	153,034	40,015	0	(113,019)
Public Works	212,337	0	16,568	(195,769)
Health, Sanitation and Welfare	143,152	15,048	0	(128,104)
Education	1,148,557	0	50,067	(1,098,490)
Cultural and Recreational	97,500	0	0	(97,500)
Fixed Charges	321,954	0	0	(321,954)
Capital Reserve Activities	119,300	26,942	123,000	30,642
Total Governmental Activities	2,530,253	85,820	189,635	(2,254,798)
TOTAL PRIMARY GOVERNMENT	\$ 2,530,253	\$ 85,820	\$ 189,635	(2,254,798)
General Revenues:				
Property Taxes				2,372,612
Excise Taxes				88,816
Intergovernmental				217,107
Interest				12,551
Total General Revenues, Special Items and Transfers				2,691,086
Change in Net Assets				436,288
Net Assets - July 1, 2008				376,846
Net Assets - June 30, 2009				\$ 813,134

The Accompanying Notes are an Integral Part of these Financial Statements.

TOWN OF CHEBEAGUE ISLAND, MAINE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

	General Fund	Other Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS:			
Cash and Investments	\$ 991,551	\$ 931	\$ 992,482
Receivables:			
Taxes	49,318	0	49,318
Liens	6,487	0	6,487
Accounts	19,455	3,649	23,104
Prepaid Expense	26,927	0	26,927
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 1,093,738</u>	<u>\$ 4,580</u>	<u>\$ 1,098,318</u>
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accounts Payable	\$ 18,379	\$ 0	\$ 18,379
Accrued Expenses	17,721	0	17,721
Deferred Revenues	63,504	0	63,504
	<u> </u>	<u> </u>	<u> </u>
	99,604	0	99,604
FUND BALANCES:			
Fund Balances:			
Reserved:			
For Specific Purposes	240,176	0	240,176
Designated for Subsequent Year	317,765	0	317,765
Unreserved, Reported in:			
General Fund	436,193	0	436,193
Special Revenues	0	4,580	4,580
	<u> </u>	<u> </u>	<u> </u>
	994,134	4,580	998,714
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,093,738</u>	<u>\$ 4,580</u>	

Amounts reported for governmental activities in the Statement of Net Assets (Statement 1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	3,018,045
Certain long-term assets are not due and payable in the current period and therefore, are not reported in the funds.	1,214,286
Funds are not available to pay for current period expenditures and therefore are deferred in the funds.	25,592
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Bonds Payable	(4,375,254)
Accrued Interest Payable	(58,617)
Accrued Compensated Absences	<u>(9,632)</u>
Net Assets of Governmental Activities	<u>\$ 813,134</u>

The Accompanying Notes are an Integral Part of these Financial Statements.

TOWN OF CHEBEAGUE ISLAND, MAINE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:			
Taxes	\$ 2,444,407	\$ 0	\$ 2,444,407
Intergovernmental	233,675	7,374	241,049
Licenses, Permits and Fees	56,963	0	56,963
Intergovernmental on Behalf Payments	42,693	0	42,693
Miscellaneous	41,406	0	41,406
	<u>2,819,144</u>	<u>7,374</u>	<u>2,826,518</u>
EXPENDITURES:			
General Government	327,370	0	327,370
Public Safety	161,587	0	161,587
Public Works	192,502	0	192,502
Health, Sanitation and Welfare	143,035	0	143,035
Education	814,568	2,794	817,362
Cultural and Recreational	97,500	0	97,500
Fixed Charges	746,854	0	746,854
Intergovernmental on Behalf Payments	42,693	0	42,693
Capital Outlay	44,520	0	44,520
	<u>2,570,629</u>	<u>2,794</u>	<u>2,573,423</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	248,515	4,580	253,095
FUND BALANCE - JULY 1, 2008	<u>745,619</u>	<u>0</u>	<u>745,619</u>
FUND BALANCE - JUNE 30, 2009	<u>\$ 994,134</u>	<u>\$ 4,580</u>	<u>\$ 998,714</u>

The Accompanying Notes are an Integral Part of these Financial Statements.

TOWN OF CHEBEAGUE ISLAND, MAINE
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

Net change in fund balances - total governmental funds (from Statement 4)	\$ 253,095
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which depreciation exceeded capital outlay in the current period is as follows:</p>	
Capital Outlay	79,720
Depreciation	(91,604)
	(11,884)
<p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>	
Bond Repayments	424,746
<p>Prepaid tuition costs reported in the statement of activities differ from the amount reported in the governmental funds because tuition costs are recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources.</p>	
	(242,857)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund statement.</p>	
	17,021
<p>Expenditures reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in governmental funds.</p>	
Accrued Compensated Absences	(3,988)
Accrued Interest	155
	(3,833)
Change in net assets of governmental activities (see Statement 2)	\$ 436,288

The Accompanying Notes are an Integral Part of these Financial Statements.

TOWN OF CHEBEAGUE ISLAND, MAINE
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - GENERAL FUND - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
REVENUES:			
Taxes	\$ 2,416,741	\$ 2,444,407	\$ 27,666
Intergovernmental	231,575	233,675	2,100
Licenses, Permits and Fees	35,970	56,963	20,993
Other Revenues	<u>28,180</u>	<u>14,464</u>	<u>(13,716)</u>
TOTAL REVENUES	<u>2,712,466</u>	<u>2,749,509</u>	<u>37,043</u>
EXPENDITURES:			
General Government	404,692	327,370	77,322
Public Safety	188,272	161,587	26,685
Public Works	340,089	192,502	147,587
Health, Sanitation and Welfare	163,100	143,035	20,065
Education	975,333	814,568	160,765
Cultural and Recreational	97,500	97,500	0
Fixed Charges	757,383	746,854	10,529
Capital Reserves	<u>123,000</u>	<u>123,000</u>	<u>0</u>
TOTAL EXPENDITURES	<u>3,049,369</u>	<u>2,606,416</u>	<u>442,953</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(336,903)	143,093	479,996
OTHER FINANCING SOURCES (USES)			
Use of Undesignated Fund Balance	221,342	0	(221,342)
Use of Designated Fund Balance	<u>115,561</u>	<u>0</u>	<u>(115,561)</u>
	<u>336,903</u>	<u>0</u>	<u>(336,903)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ 0</u>	<u>\$ 143,093</u>	<u>\$ 143,093</u>

The Accompanying Notes are an Integral Part of these Financial Statements.

TOWN OF CHEBEAGUE ISLAND, MAINE
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2009

	<u>Private Purpose Trust Funds</u> Cemeteries
ASSETS:	
Cash	<u>\$ 51,757</u>
NET ASSETS:	
Held in Trust for Other Purposes	<u><u>\$ 51,757</u></u>

The Accompanying Notes are an Integral Part of these Financial Statements.

TOWN OF CHEBEAGUE ISLAND, MAINE
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Private Purpose Trusts
	<u>Cemeteries</u>
ADDITIONS	
Interest	\$ 454
Fees	3,635
	<u>4,089</u>
DEDUCTIONS	
Program Expenditures	<u>1,750</u>
CHANGE IN NET ASSETS	2,339
NET ASSETS - JULY 1, 2008	<u>49,418</u>
NET ASSETS - JUNE 30, 2009	<u><u>\$ 51,757</u></u>

The Accompanying Notes are an Integral Part of these Financial Statements.

TOWN OF CHEBEAGUE ISLAND, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

Note 1 - SUMMARY OF ACCOUNTING POLICIES

The Reporting Entity

The Town of Chebeague Island, Maine, incorporated in July, 2007, operates under a Board of Selectmen – Town Administrator – Town Meeting form of government. The Board consists of five members elected by the registered voters for staggered three-year terms. The financial statements of the Town of Chebeague Island conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing generally accepted accounting principles (GAAP) for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the Town are discussed below.

Principles Determining Scope of Reporting Entity

In evaluating the Town as a reporting entity, management has addressed all potential component units for which the Town may or may not be financially accountable and, as such, be includable within the Town's financial statements. In accordance with GASB, the Town (the primary government) is financially accountable if it appoints a voting majority of the organizations governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the Town. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Based on the Town's judgment and all pertinent facts derived from the analysis of the criteria, there were no potential component units required to be included in this report.

Basis of Presentation

Government-Wide Financial Statements

The government-wide financial statements, comprised of the statement of net assets and the statement of activities, report information on all of the non-fiduciary activities of the Town. Governmental activities are normally supported by taxes and intergovernmental revenues. The effect of interfund activity has been removed from the statements.

The statement of activities points out the extent to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with a function, service, program, or department. The Town does not allocate indirect expenses to programs or functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

TOWN OF CHEBEAGUE ISLAND, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

Note 1 - SUMMARY OF ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds (if any) are reported as separate columns in the fund financial statements.

Fund Financial Statements

The financial transactions of the Town are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

Governmental Activities

Governmental funds are identified as general, special revenue, capital projects, or permanent funds based upon the following guidelines.

The *General Fund* is the operating fund of the Town and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds are used to account for the proceeds of specific sources (other than major capital projects or expendable trusts) that are legally restricted to expenditures for specified purposes.

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Fiduciary Funds (Not included in the government-wide statements)

Private-Purpose Trust and Agency Funds - Trust and agency funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Accrual

Both governmental and business-type activities in the government-wide financial statements and the fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

TOWN OF CHEBEAGUE ISLAND, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

Note 1 - SUMMARY OF ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

Modified Accrual

Governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or 60 days thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. However, debt service expenditures, as well as certain compensated absences, claims and judgments, are recorded only when the payment is due.

GASB sets forth minimum criteria (percentages of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Town's major governmental fund is the General Fund. The General Fund accounts for all financial resources of the Town, except those required to be accounted for in another fund. The nonmajor funds are combined in the "Other Governmental Funds" column in the fund financial statements.

Budgetary Accounting

Each year a Budget is adopted for the general fund only. The budget is presented on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles.

The following procedures are followed in establishing budgetary data reflected in the financial statements:

- In the second half of the last fiscal year, the Town prepared a budget for this fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
- After giving public notice of the meeting, the inhabitants of the Town voted in July for the purpose of adopting the proposed budget.
- In subsequent years the annual meeting for budget approval will take place in June.

Formal budgetary integration is employed as a management control device during the year for the general fund. A comparison of budget to actual is presented in the financial statements.

Cash and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Investments are reported at fair value.

TOWN OF CHEBEAGUE ISLAND, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

Note 1 - SUMMARY OF ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

Interfund Transactions

During the course of normal operations, the Town has transactions between funds including expenditures and transfers of resources or to provide resources, construct assets and service debt. These transactions, if any, are reported as operating transfers.

Prepaid Expenses

Payments made to vendors for services or supplies that will benefit periods beyond June 30, 2009 are recorded as prepaid items.

In part, the secession plan agreement with MSAD 51 (see note 10) consisted of a one time payment on a contract commencing July 1, 2007 and expiring June 30, 2014 to provide for the education and transportation of the Town's students from grades 6 to 12 who elect to attend school at MSAD 51. The unamortized balance at June 30, 2009 was \$1,214,286.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements.

Capital assets are defined by the Town as assets with an initial, individual cost of more than \$4,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost and depreciated over their estimated useful lives. Donated capital assets are recorded at their estimated fair value at the date of donation. Estimated useful life is management's estimate of how long the asset is expected to meet service demands.

Property, plant and equipment of the primary government are depreciated using the straight line method over the assets' estimated lives, ranging from 5 to 50 years.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

As permitted by GASB, capitalization of interest cost is applied on new construction, when applicable.

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures upon acquisition. Fixed assets are not capitalized and related depreciation is not expensed in the fund financial statements.

Compensated Absences

Under the terms of the personnel policy, vacation time is granted in varying amounts according to length of service. The Town accrues accumulated vacation. The portion of this liability attributable to the general fund, which is expected to be paid with current financial resources, is reported in the governmental fund statements. At June 30, 2009, the accrual for compensated absences was determined to be \$9,632, which has been included in the government-wide financial statements.

TOWN OF CHEBEAGUE ISLAND, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

Note 1 - SUMMARY OF ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of assets. Bond premiums and discounts, as well as issuance costs, if material to the basic financial statements, are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Equity Classification

Fund Statements

Reserves represent those portions of fund equity not appropriable for expenditures, or are legally separated for a specific future use. Unreserved: Designated for Subsequent Year's Expenditures represents encumbrances under which purchase orders, contracts, and other commitments for the expenditure of funds are utilized in the governmental funds in order to reserve that portion of the applicable appropriations. Outstanding encumbrances do not constitute expenditures or liabilities since the commitments will be honored during the subsequent year.

Government-Wide Statements

Net assets represent the differences between assets and liabilities. Equity is classified as net assets and displayed in three components:

- Invested in capital assets, net of related debt – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net assets – consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net assets – all other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

TOWN OF CHEBEAGUE ISLAND, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

Note 1 - SUMMARY OF ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets, liabilities, the disclosure of contingent liabilities, and the reported revenues and expenses.

Note 2 - DEPOSITS AND INVESTMENTS

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Town will not be able to recover the value of its deposits and investments that are in the possession of an outside party.

Deposits

The Town does not have a deposit policy for custodial credit risk. As of June 30, 2009, none of the Town's bank balance of \$364,221 was exposed to custodial credit risk.

Investments

Maine statutes authorize the Town to invest in obligations of the U.S. Treasury and U.S. Agencies and repurchase agreements. The Town has no investment policy that would further limit its investment choices. Generally, the Town invests such excess funds in repurchase agreements.

At June 30, 2009, investments consisted of the following:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Repurchase Agreements	<u>\$ 683,119</u>	<u>\$ 683,119</u>

Of the Town's investment in repurchase agreements as of June 30, 2009, all of the underlying securities are held by the pledging bank's trust department, not in the Town's name.

Concentration of Credit Risk

The Town places no limit on the amount the Town may invest in any one issuer. All of the Town's investments for the governmental activities are in repurchase agreements.

TOWN OF CHEBEAGUE ISLAND, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

Note 3 - PROPERTY TAX

The Town's property taxes for the July 1, 2008-June 30, 2009 fiscal year were committed on August 21, 2008. Taxes were due semi-annually on September 30, 2008 and March 31, 2009. Unpaid taxes are charged interest of 11% per annum. The tax commitment was based on the April 1, 2008 assessed real estate and personal property values totaling \$116,280,288.

The Town is permitted by the laws of the State of Maine to levy taxes to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$35,843 for the year ended June 30, 2009.

On the fund statements, property taxes levied for the fiscal year are recorded as receivables at the time the levy is made. The receivables collected during the year and during the first sixty (60) days after June 30, 2009 are recognized as revenues. The remaining receivables estimated to be collectible subsequent to the sixty (60) day period are recorded as deferred revenues.

The tax liens are placed on real property within twelve months following the tax commitment date if taxes are delinquent. The Town has the authority to foreclose on property eighteen months after the filing of the lien if tax liens and associated costs remain unpaid. Property acquired by foreclosure for non-payment of taxes is recorded at the amount of expired tax liens plus the cost involved in foreclosure.

Note 4 - BUDGETARY ACCOUNTING VS. GAAP BASIS OF ACCOUNTING

As required by generally accepted accounting principles (GAAP), the Town has recorded a revenue and an expenditure for Maine State Retirement contributions made by the State of Maine on behalf of the School. These amounts have not been budgeted in the General Fund and result in a difference in reporting on Statement 4 and Statement 6. The amount of \$42,693 has been included as an intergovernmental revenue and as an education expenditure in the General Fund on Statement 4. There is no effect on the fund balance at the end of the year.

In addition, in order to be in conformance with accounting principles generally accepted in the United States of America (GAAP), the accompanying basic financial statements have been adjusted to reflect the effects of the activities in the general fund reserve.

The following is an explanation of the various differences and their effect on current year revenues and expenditures as presented in Statement 4:

	<u>2009</u>
Excess of Revenues Over (Under) Expenditures (Statement 6)	\$ 143,093
Budgeted Transfers and Income to Reserves	149,942
Expenditures by Reserves	<u>(44,520)</u>
Net Changes in Fund Balance (Statement 4)	<u>\$ 248,515</u>

TOWN OF CHEBEAGUE ISLAND, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

Note 5 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009 was:

	Balance June 30, <u>2008</u>	<u>Additions</u>	Balance June 30, <u>2009</u>
Governmental activities:			
Capital assets, not being depreciated:			
Land	\$ 196,881	\$ 0	\$ 196,881
Capital assets, being depreciated:			
Land Improvements	52,668	0	52,668
Buildings and Improvements	1,725,456	0	1,725,456
Machinery and equipment	438,144	28,500	466,644
Infrastructure	<u>707,457</u>	<u>51,220</u>	<u>758,677</u>
Total capital assets, being depreciated:	<u>2,923,725</u>	<u>79,720</u>	<u>3,003,445</u>
Less accumulated depreciation:			
Land Improvements	5,267	5,267	10,534
Buildings and Improvements	37,208	37,095	74,303
Machinery and equipment	30,516	31,226	61,742
Infrastructure	<u>17,686</u>	<u>18,016</u>	<u>35,702</u>
Total	<u>90,677</u>	<u>91,604</u>	<u>182,281</u>
Governmental activities			
Capital assets, net	<u>\$ 3,029,929</u>	<u>\$ (11,884)</u>	<u>\$ 3,018,045</u>

Depreciation was charged to Governmental functions as follows:

General Government	\$ 3,926
Public Safety	19,947
Public Works	21,969
Health and Sanitation	117
Education	<u>45,645</u>
Total Depreciation	<u>\$ 91,604</u>

TOWN OF CHEBEAGUE ISLAND, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

Note 6 - LONG-TERM DEBT

The following is a summary of long-term debt transactions of the Town for the year ended June 30, 2009.

	General Long-Term <u>Debt</u>
Long-Term Debt Payable at June 30, 2008	\$ 4,800,000
Debt Retired	<u>(424,746)</u>
Long-Term Debt Payable at June 30, 2009	<u>\$ 4,375,254</u>
Amount Due within One Year	<u>\$ 339,128</u>

General long-term debt consists of the following:

<p>2008 General Obligation Bond, Dated April 17, 2008; annual principal payment in November ranging from \$165,730 to \$215,622. Semi-annual interest payable in May and November, variable interest rate from 2% to 5.5% per annum. Final installment due November 2027. Authorized and issued \$3,000,000.</p>	\$ 2,834,270
<p>2008 General Obligation Bond, Dated April 17, 2008; annual principal payment in November ranging from \$259,016 to \$282,208. Semi-annual interest payable in May and November, variable interest rate from 2.15% to 5.5% per annum. Final installment due November 2014. Authorized and issued \$1,800,000.</p>	<u>1,540,984</u>
	<u>\$ 4,375,254</u>

TOWN OF CHEBEAGUE ISLAND, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

Note 6 - LONG-TERM DEBT (Continued)

The annual requirement to amortize debt outstanding as of June 30, 2009 is as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 339,128	\$ 167,576	\$ 506,704
2011	350,666	154,042	504,708
2012	362,597	140,179	502,776
2013	375,600	124,379	499,979
2014	389,889	111,150	501,039
2015-2019	943,971	449,967	1,393,938
2020-2024	811,996	272,827	1,084,823
2025-2028	<u>801,407</u>	<u>52,884</u>	<u>854,291</u>
	<u>\$ 4,375,254</u>	<u>\$ 1,473,004</u>	<u>\$ 5,848,258</u>

Accrued interest expense for the year amounted to \$58,617.

In accordance with 30 MRSA, Section 5061, as amended, no municipality shall incur debt for specified purposes in excess of certain percentages of state valuation of such municipality. The Town's outstanding debt at June 30, 2009, of \$4,375,254 was \$31,144,746 below the Town's statutory debt limit.

Note 7 - OVERLAPPING DEBT

The Town is liable for its proportional share of any defaulted debt issued by Cumberland County and Maine School Administrative District No. 51. Debt service is included in the annual County and School assessments to the Town. The overlapping debt applicable to the Town at June 30, 2009 is: 0.56% (\$31,945) of Cumberland County's outstanding debt of \$5,655,000, and 12.7% (\$4,393,987) of Maine School Administrative District No. 51's outstanding debt of \$34,489,691.

Note 8 - OPERATING LEASES

The Town leases a copier from Ikon Office Solutions. The future minimum lease payments accounted for as operating leases at June 30, 2009, are as follows:

<u>Year</u>	<u>Minimum Lease</u> <u>Payment Remaining</u>
2010	\$ 1,777
2011	1,777
2012	<u>443</u>
	<u>\$ 3,997</u>

Total operating lease expense for the year ended June 30, 2009 was \$1,539.

TOWN OF CHEBEAGUE ISLAND, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

Note 9 - CONTINGENT LIABILITIES

State and Federal Grants

The Town participates in state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Town has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the Town, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

Litigation

The Town is subject to certain legal proceedings and claims which arise in the ordinary course of conducting its activities. In the opinion of management, the Town has defensible positions and any ultimate liabilities are covered by insurance or will not materially affect the financial position of the Town.

Note 10 - OTHER DISCLOSURES

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions, and natural disasters for which the Town either carries commercial insurance or participates in a public entity risk pool. Currently, the Town participates in a public entity risk pool sponsored by the Maine Municipal Association.

Based on coverage provided by the pool, as well as coverage provided by commercial insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2009.

Town of Chebeague Island Contracts and Property Acquisition

Pursuant to negotiations between the Chebeague Island Secession Representatives, the Town of Cumberland and Maine School Administrative District No. 51 (MSAD 51), the parties agreed to the following: The Town agreed to pay to the Town of Cumberland on an annual basis, 50% of the property taxes committed to the Town from the Outer Island for a period of 50 years commencing July 1, 2007.

The Town paid to MSAD 51 the sum of \$1,700,000 in exchange for a contract commencing July 1, 2007 and expiring June 30, 2014 for the education and transportation of the Town's students from grades 6 to 12 electing to attend school at MSAD 51 (except that any additional costs attributable to special education students must be paid by the Town). In addition, the Town will pay their percentage share of the District's debt that equals the ratio of the State valuation of the Town of Chebeague Island to the combined State valuations of the Towns of Cumberland, North Yarmouth, and Chebeague Island.

TOWN OF CHEBEAGUE ISLAND, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

Note 11 - RETIREMENT PLAN

Teacher Group - Description of the Plan - All school teachers, plus other qualified educators participate in the Maine State Retirement System’s teacher group. The teacher’s group is a cost-sharing plan with a special funding situation, established by the Maine State legislature. The Maine State Retirement System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rest with the State legislature. The Maine State Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Teacher’s Group. That report may be obtained by writing to Maine State Retirement System, 46 State House Station, Augusta, Maine 04333-0046 or by calling 1-800-451-9800.

Funding Policy - Plan members are required to contribute 7.65% of their compensation to the retirement system. The State of Maine Department of Education is required, by the same statute, to contribute the employer contribution which amounts to \$42,693 (18.76%) for the fiscal year 2009. This amount has been reported as an intergovernmental revenue and education expenditure in the GAAP basis financial statements (Statement 4). There is no contribution required by the School except for the federally funded teachers, for which a contribution of 18.76% is required. This cost is charged to the applicable grant.

In addition, the Town participates in the Social Security Retirement Program. The Town’s contribution to Social Security was \$29,393, for the year ended June 30, 2009.

**Note 12 - UNRESERVED FUND BALANCE -
DESIGNATED FOR SUBSEQUENT YEARS’ EXPENDITURES**

Appropriation for continuing projects, not fully expended at the fiscal year end, are carried forward as continued appropriations to the new fiscal year to supplement the appropriations of that year. At June 30, 2009, they are reported as a component of unreserved fund balance and consist of the following:

General Fund:	
Public Safety	
Rescue	\$ 3,000
Public Works	
Turnaround Construction	154,000
Education	
School Department	140,530
Capital Improvement Reserve	<u>20,235</u>
	<u>\$ 317,765</u>

TOWN OF CHEBEAGUE ISLAND, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

Note 13 - RESERVED FUND BALANCE

At June 30, 2009, portions of the general fund balance were designated to future periods to help fund the following:

Dredging	\$ 30,704
Wharf	19,844
Floats and Ramps	12,696
Fire Truck	40,939
Facilities	4,094
Vehicles	8,188
General	10,193
Revaluation	40,939
Paving	30,704
Public Works	35,822
Ambulance	1,024
Indian Point	935
Cousins Island Parking	<u>4,094</u>
	<u>\$ 240,176</u>

Note 14 - SUBSEQUENT EVENTS

In preparing these financial statements, the town has evaluated events and transactions for potential recognition or disclosure through February 17, 2010, the date the financial statements were available to be issued.

TOWN OF CHEBEAGUE ISLAND, MAINE
JUNE 30, 2009

SUPPLEMENTAL DATA

GENERAL FUND

The General Fund accounts for all revenues and expenditures of the Town which are not accounted for in other funds. Most governmental services are provided by the General Fund including public works, public safety, education, recreation, health and welfare, and general administrative services.

TOWN OF CHEBEAGUE ISLAND, MAINE
BALANCE SHEET - GENERAL FUND
JUNE 30, 2009
(With Comparative Totals for the Year ended June 30, 2008)

	<u>2009</u>	<u>2008</u>
ASSETS:		
Cash	\$ 991,551	\$ 816,280
Receivables:		
Taxes	49,318	23,308
Liens	6,487	0
Accounts	19,455	256
Prepaid Expenses	26,927	28,244
TOTAL ASSETS	<u><u>\$ 1,093,738</u></u>	<u><u>\$ 868,088</u></u>
 LIABILITIES AND FUND BALANCES:		
Liabilities:		
Accounts Payable	\$ 18,379	\$ 44,217
Accrued Expenses	17,721	36,097
Deferred Revenues	63,504	42,155
	<u>99,604</u>	<u>122,469</u>
Fund Balances:		
Reserved for Specific Purposes	240,176	134,754
Unreserved:		
Designated for Subsequent Years	317,765	115,561
Undesignated	436,193	495,304
	<u>994,134</u>	<u>745,619</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 1,093,738</u></u>	<u><u>\$ 868,088</u></u>

TOWN OF CHEBEAGUE ISLAND, MAINE
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Positive</u> <u>(Negative)</u>
REVENUES:			
Taxes:			
Property	\$ 2,340,741	\$ 2,372,612	\$ 31,871
Change in Deferred Property Tax Revenues	0	(17,021)	(17,021)
Excise	76,000	88,816	12,816
	<u>2,416,741</u>	<u>2,444,407</u>	<u>27,666</u>
Intergovernmental:			
State Revenue Sharing	20,000	20,925	925
State Homestead Reimbursement	7,392	7,392	0
Veteran Exemption Reimbursement	0	607	607
State Aid to Education	188,183	188,183	0
Highway Block Grant	16,000	16,568	568
	<u>231,575</u>	<u>233,675</u>	<u>2,100</u>
Licenses, Permits and Fees:			
Board of Appeals	0	300	300
Building Permits	0	7,003	7,003
Plumbing Permits	1,500	1,242	(258)
Electrical Permits	1,500	1,514	14
Growth Permits	0	6,678	6,678
Other Permits	2,000	1,450	(550)
Shellfish Licenses	7,000	3,500	(3,500)
Mooring Fees	6,100	7,870	1,770
Stone Wharf Permits	4,500	5,751	1,251
Agent Fee	0	3,100	3,100
Vital Statistics	320	260	(60)
Dog Fees	275	353	78
Hunting and Fishing Fees	175	143	(32)
Transient Tie-Up Fees	600	2,751	2,151
Transfer Station Fees	12,000	15,048	3,048
	<u>35,970</u>	<u>56,963</u>	<u>20,993</u>
Other Revenues:			
Interest and Penalties	1,980	5,135	3,155
Interest on Savings	20,000	6,410	(13,590)
Lien Cost	0	1,006	1,006
Police Fines	5,700	1,460	(4,240)
Miscellaneous	500	453	(47)
	<u>28,180</u>	<u>14,464</u>	<u>(13,716)</u>
TOTAL REVENUES	<u>2,712,466</u>	<u>2,749,509</u>	<u>37,043</u>

TOWN OF CHEBEAGUE ISLAND, MAINE
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
EXPENDITURES:			
General Government	\$ 404,692	\$ 327,370	\$ 77,322
Public Safety	188,272	161,587	26,685
Public Works	340,089	192,502	147,587
Health, Sanitation and Welfare	163,100	143,035	20,065
Education	975,333	814,568	160,765
Cultural and Recreational	97,500	97,500	0
Fixed Charges	757,383	746,854	10,529
Capital Reserves	123,000	123,000	0
TOTAL EXPENDITURES	<u>3,049,369</u>	<u>2,606,416</u>	<u>442,953</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(336,903)</u>	<u>143,093</u>	<u>479,996</u>
OTHER FINANCING SOURCES (USES)			
Use of Fund Balance	221,342	0	(221,342)
Carry forwards from prior year	115,561	0	(115,561)
TOTAL OTHER FINANCING SOURCES (USES)	<u>336,903</u>	<u>0</u>	<u>(336,903)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ 0</u>	<u>143,093</u>	<u>\$ 143,093</u>
RESERVE ACTIVITY:			
Other Income to Reserves		26,942	
Transfers to Reserves		123,000	
Reserve Expenditures		<u>(44,520)</u>	
		<u>105,422</u>	
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES		<u>\$ 248,515</u>	

TOWN OF CHEBEAGUE ISLAND, MAINE
STATEMENT OF CHANGES IN FUND BALANCE - GENERAL FUND
YEAR ENDED JUNE 30, 2009

	Reserved	Unreserved		
	Reserve for Specific <u>Purposes</u>	Designated for Subsequent Year's <u>Expenditures</u>	<u>Undesignated</u>	<u>Total</u>
FUND BALANCE - JULY 1, 2008	\$ 134,754	\$ 115,561	\$ 495,304	\$ 745,619
EXCESS OF ACTUAL REVENUES AND OTHER SOURCES OVER (UNDER) ACTUAL EXPENDITURES AND OTHER USES	<u>105,422</u>	<u>202,204</u>	<u>(59,111)</u>	<u>248,515</u>
FUND BALANCE - JUNE 30, 2009	<u>\$ 240,176</u>	<u>\$ 317,765</u>	<u>\$ 436,193</u>	<u>\$ 994,134</u>

OTHER GOVERNMENTAL FUNDS

The Town of Chebeague Island, Maine has the following non-major fund:

SPECIAL REVENUE FUNDS

Special Revenue Funds account for specific resources, the expenditure of which is restricted by law or administrative action for particular purposes.

TOWN OF CHEBEAGUE ISLAND, MAINE
COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
JUNE 30, 2009

Non-Major Special Revenue Funds

	<u>REAP Grant</u>	<u>Title IIA Teacher Quality</u>	<u>Drug Free School Title IV</u>	<u>ARRA State Stabilization Fund</u>	<u>Total 2009</u>
ASSETS:					
Cash and Investments	\$ 0	\$ 931	\$ 0	\$ 0	\$ 931
Accounts Receivable	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,649</u>	<u>3,649</u>
	<u>\$ 0</u>	<u>\$ 931</u>	<u>\$ 0</u>	<u>\$ 3,649</u>	<u>\$ 4,580</u>
 FUND BALANCE	 <u>\$ 0</u>	 <u>\$ 931</u>	 <u>\$ 0</u>	 <u>\$ 3,649</u>	 <u>\$ 4,580</u>

TOWN OF CHEBEAGUE ISLAND, MAINE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009

	Non-Major Special Revenue Funds				Totals
	<u>REAP Grant</u>	<u>Title IIA Teacher Quality</u>	<u>Drug Free School Title IV</u>	<u>ARRA State Stabilization Fund</u>	<u>2009</u>
REVENUES:					
Intergovernmental	\$ 2,395	\$ 1,298	\$ 32	\$ 3,649	\$ 7,374
EXPENDITURES:					
For Designated Purposes	2,395	367	32	0	2,794
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	0	931	0	3,649	4,580
FUND BALANCE - JULY 1	0	0	0	0	0
FUND BALANCE - JUNE 30	\$ 0	\$ 931	\$ 0	\$ 3,649	\$ 4,580

The following schedules are presented for purposes of additional analysis and are also not a required part of the basic financial statements of the Town of Chebeague Island, Maine. Such information in these schedules has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

TOWN OF CHEBEAGUE ISLAND, MAINE
COMBINING STATEMENT OF GENERAL FUND RESERVES
YEAR ENDED JUNE 30, 2009

		Reserves						
	<u>Dredging</u>	<u>Wharf</u>	<u>Floats and Ramps</u>	<u>Fire Truck</u>	<u>Facilities</u>	<u>Vehicles</u>	<u>General</u>	<u>Revaluation</u>
APPROPRIATIONS	\$ 15,000	\$ 10,000	\$ 5,000	\$ 15,000	\$ 2,000	\$ 4,000	\$ 0	\$ 20,000
REVENUES:								
Interest Earnings	704	455	291	939	94	188	233	939
Other	0	0	0	0	0	0	0	0
	<u>704</u>	<u>455</u>	<u>291</u>	<u>939</u>	<u>94</u>	<u>188</u>	<u>233</u>	<u>939</u>
EXPENDITURES:								
Designated Purposes	0	0	0	0	0	0	0	0
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	15,704	10,455	5,291	15,939	2,094	4,188	233	20,939
BALANCE - JULY 1	15,000	9,389	7,405	25,000	2,000	4,000	9,960	20,000
BALANCE - JUNE 30	<u>\$ 30,704</u>	<u>\$ 19,844</u>	<u>\$ 12,696</u>	<u>\$ 40,939</u>	<u>\$ 4,094</u>	<u>\$ 8,188</u>	<u>\$ 10,193</u>	<u>\$ 40,939</u>

TOWN OF CHEBEAGUE ISLAND, MAINE
COMBINING STATEMENT OF GENERAL FUND RESERVES
YEAR ENDED JUNE 30, 2009

	Reserves						Totals	
	<u>Paving</u>	<u>Public Works</u>	<u>Ambulance</u>	<u>Road Embankments</u>	<u>Indian Point</u>	<u>Cousins Island Parking</u>	<u>Cousins Island Turnaround</u>	<u>2009</u>
APPROPRIATIONS	\$ 15,000	\$ 10,000	\$ 1,000	\$ 15,000	\$ 6,000	\$ 0	\$ 5,000	\$ 123,000
REVENUES:								
Interest Earnings	704	822	24	0	0	94	0	5,487
Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,000</u>	<u>19,455</u>	<u>21,455</u>
	704	822	24	0	0	2,094	19,455	26,942
EXPENDITURES:								
Designated Purposes	<u>0</u>	<u>0</u>	<u>0</u>	<u>15,000</u>	<u>5,065</u>	<u>0</u>	<u>24,455</u>	<u>44,520</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	15,704	10,822	1,024	0	935	2,094	0	105,422
BALANCE - JULY 1	<u>15,000</u>	<u>25,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,000</u>	<u>0</u>	<u>134,754</u>
BALANCE - JUNE 30	<u>\$ 30,704</u>	<u>\$ 35,822</u>	<u>\$ 1,024</u>	<u>\$ 0</u>	<u>\$ 935</u>	<u>\$ 4,094</u>	<u>\$ 0</u>	<u>\$ 240,176</u>

CHEBEAGUE ISLAND SCHOOL DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
YEAR ENDED JUNE 30, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES:			
Taxes (Town Assessment)	\$ 716,078	\$ 716,078	\$ 0
Intergovernmental:			
State Subsidy	188,183	188,183	0
Interest	<u>0</u>	<u>235</u>	<u>235</u>
TOTAL REVENUES	<u>904,261</u>	<u>904,496</u>	<u>235</u>
EXPENDITURES - BY FUNCTION:			
Instructions:			
Elementary	239,970	249,952	(9,982)
Special Education	<u>40,424</u>	<u>36,735</u>	<u>3,689</u>
	<u>280,394</u>	<u>286,687</u>	<u>(6,293)</u>
Student Support:			
Guidance and Counseling	3,724	3,902	(178)
Health	<u>790</u>	<u>693</u>	<u>97</u>
	<u>4,514</u>	<u>4,595</u>	<u>(81)</u>
Instructional Support:			
Technology Services	2,000	4,809	(2,809)
Library and Improvement of Instruction	<u>7,500</u>	<u>5,775</u>	<u>1,725</u>
	<u>9,500</u>	<u>10,584</u>	<u>(1,084)</u>
General Administration:			
School Board	7,540	5,386	2,154
Office of Superintendent/Principal	<u>60,672</u>	<u>54,309</u>	<u>6,363</u>
	<u>68,212</u>	<u>59,695</u>	<u>8,517</u>

CHEBEAGUE ISLAND SCHOOL DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
YEAR ENDED JUNE 30, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
EXPENDITURES - BY FUNCTION (Continued)			
Operation and Maintenance of Building:			
Elementary and Secondary	\$ 92,548	\$ 73,022	\$ 19,526
	<u>92,548</u>	<u>73,022</u>	<u>19,526</u>
Student Transportation:			
Vehicle Operation	<u>85,553</u>	<u>82,125</u>	<u>3,428</u>
Other Outlays:			
Debt Service	328,935	282,733	46,202
Foodservice	19,105	15,362	3,743
Contingency	15,500	0	15,500
	<u>363,540</u>	<u>298,095</u>	<u>65,445</u>
TOTAL EXPENDITURES - BY FUNCTION	<u>904,261</u>	<u>814,803</u>	<u>89,458</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 0</u>	89,693	<u>\$ 89,693</u>
FUND BALANCE - JULY 1		<u>71,072</u>	
FUND BALANCE - JUNE 30			
Capital Improvement Reserve		20,235	
Undesignated Fund Balance		<u>140,530</u>	
		<u>\$ 160,765</u>	

TOWN OF CHEBEAGUE ISLAND, MAINE
VALUATION, ASSESSMENT AND COLLECTION OF TAXES
FISCAL YEAR ENDED JUNE 30, 2009

VALUATION AND ASSESSMENT

Real Property	\$ 116,044,688
Personal Property	<u>235,600</u>
TOTAL VALUATION	116,280,288
Tax Rate per Thousand	<u>20.13</u>
TAX COMMITMENT	<u><u>\$ 2,340,740</u></u>

APPROPRIATIONS

Municipal Functions	\$ 1,651,650
School Appropriation	904,261
County Tax	120,712
Overlay	<u>35,843</u>
	2,712,466
Less: Estimated Revenues	<u>371,726</u>
TAX COMMITMENT	<u><u>\$ 2,340,740</u></u>

2008/2009 TAXES

Original Commitment	\$ 2,340,740
Supplemental Taxes	<u>31,871</u>
	2,372,611
Less: Collection (Net of Refunds and Adjustments)	\$ 2,297,979
Abatements	<u>25,314</u>
	<u>2,323,293</u>
TAXES RECEIVABLE - JUNE 30, 2009	<u><u>\$ 49,318</u></u>

TOWN OF CHEBEAGUE ISLAND, MAINE
STATEMENT OF DEPARTMENTAL OPERATIONS
YEAR ENDED JUNE 30, 2009

	Carried Forward	Appropriations	Transfers and Other Credits	Total Available	Expenditures	Appropriation Balances		
						Overdrawn	Lapsed	Unexpended
								Carried Forward
GENERAL GOVERNMENT:								
Administration and Board of Selectmen	\$ 4,000	\$ 144,627	\$ 0	\$ 148,627	\$ 146,387	\$ 0	\$ 2,240	\$ 0
Assessor	5,000	12,300	0	17,300	13,113	0	4,187	0
Legal	0	25,000	0	25,000	9,580	0	15,420	0
Benefits and Insurances	0	103,914	0	103,914	83,110	0	20,804	0
Contingency	0	40,000	0	40,000	32,500	0	7,500	0
Tax Sharing - Outer Islands	0	37,000	0	37,000	38,890	1,890	0	0
Planning	15,000	5,300	0	20,300	918	0	19,382	0
Elections	0	7,550	0	7,550	2,872	0	4,678	0
Miscellaneous-Mainland	0	5,001	0	5,001	0	0	5,001	0
	<u>24,000</u>	<u>380,692</u>	<u>0</u>	<u>404,692</u>	<u>327,370</u>	<u>1,890</u>	<u>79,212</u>	<u>0</u>
PUBLIC SAFETY:								
Law Enforcement Services	0	43,673	0	43,673	43,432	0	241	0
Animal Control	0	1,900	0	1,900	1,585	0	315	0
Rescue	0	28,850	0	28,850	14,305	0	11,545	3,000
Code Enforcement	0	11,240	0	11,240	11,846	606	0	0
Fire	11,589	61,180	28,867	101,636	88,186	0	13,450	0
Shellfish	0	14,390	0	14,390	13,667	0	723	0
Harbor Master	0	15,450	0	15,450	17,433	1,983	0	0
	<u>11,589</u>	<u>176,683</u>	<u>28,867</u>	<u>217,139</u>	<u>190,454</u>	<u>2,589</u>	<u>26,274</u>	<u>3,000</u>
PUBLIC WORKS:								
Roads, Equipment, and Repairs	0	177,575	0	177,575	182,698	5,123	0	0
Turnaround Construction	0	154,000	0	154,000	0	0	0	154,000
Street Lights	0	8,514	0	8,514	9,804	1,290	0	0
	<u>0</u>	<u>340,089</u>	<u>0</u>	<u>340,089</u>	<u>192,502</u>	<u>6,413</u>	<u>0</u>	<u>154,000</u>
HEALTH, SANITATION AND WELFARE:								
General Assistance	0	8,350	0	8,350	638	0	7,712	0
Health Services	0	3,500	0	3,500	2,000	0	1,500	0
Solid Waste	8,900	133,350	0	142,250	132,074	0	10,176	0
Cemetery	0	9,000	0	9,000	8,323	0	677	0
	<u>8,900</u>	<u>154,200</u>	<u>0</u>	<u>163,100</u>	<u>143,035</u>	<u>0</u>	<u>20,065</u>	<u>0</u>

TOWN OF CHABEAGUE ISLAND, MAINE
STATEMENT OF DEPARTMENTAL OPERATIONS (Continued)
YEAR ENDED JUNE 30, 2009

	Carried Forward	Appropriations	Transfers and Other Credits	Total Available	Expenditures	Appropriation Balances		
						Overdrawn	Lapsed Unexpended	Carried Forward
EDUCATION:								
School Department	\$ 61,072	\$ 894,261	\$ 0	\$ 955,333	\$ 814,803	\$ 0	\$ 0	\$ 140,530
Capital Improvement Reserve	10,000	10,000	235	20,235	0	0	0	20,235
	<u>71,072</u>	<u>904,261</u>	<u>235</u>	<u>975,568</u>	<u>814,803</u>	<u>0</u>	<u>0</u>	<u>160,765</u>
CULTURAL AND RECREATIONAL:								
Recreation-General Admin	0	50,000	0	50,000	50,000	0	0	0
Library	0	47,500	0	47,500	47,500	0	0	0
	<u>0</u>	<u>97,500</u>	<u>0</u>	<u>97,500</u>	<u>97,500</u>	<u>0</u>	<u>0</u>	<u>0</u>
FIXED CHARGES:								
County Tax	0	120,712	0	120,712	120,712	0	0	0
Overlay	0	35,843	0	35,843	25,314	0	10,529	0
Debt Service	0	600,828	0	600,828	600,828	0	0	0
	<u>0</u>	<u>757,383</u>	<u>0</u>	<u>757,383</u>	<u>746,854</u>	<u>0</u>	<u>10,529</u>	<u>0</u>
CAPITAL RESERVES								
Roofs	0	2,000	0	2,000	2,000	0	0	0
Vehicle	0	4,000	0	4,000	4,000	0	0	0
Revaluation	0	20,000	0	20,000	20,000	0	0	0
Dredging	0	15,000	0	15,000	15,000	0	0	0
Wharf	0	10,000	0	10,000	10,000	0	0	0
Floats & Ramps	0	5,000	0	5,000	5,000	0	0	0
Fire Truck	0	15,000	0	15,000	15,000	0	0	0
Paving	0	15,000	0	15,000	15,000	0	0	0
Equipment	0	10,000	0	10,000	10,000	0	0	0
Ambulance	0	1,000	0	1,000	1,000	0	0	0
Road Embank	0	15,000	0	15,000	15,000	0	0	0
Indian Point	0	6,000	0	6,000	6,000	0	0	0
Cousin's Island	0	5,000	0	5,000	5,000	0	0	0
	<u>0</u>	<u>123,000</u>	<u>0</u>	<u>123,000</u>	<u>123,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	<u>\$ 115,561</u>	<u>\$ 2,933,808</u>	<u>\$ 29,102</u>	<u>\$ 3,078,471</u>	<u>\$ 2,635,518</u>	<u>\$ 10,892</u>	<u>\$ 136,080</u>	<u>\$ 317,765</u>